

**ALASKA STATE LEGISLATURE**  
**SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE**

March 12, 2009

3:33 p.m.

**MEMBERS PRESENT**

Senator Donald Olson, Chair  
Senator Joe Thomas, Vice Chair  
Senator Hollis French  
Senator Albert Kookesh  
Senator Linda Menard

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 127

"An Act establishing the Southeast State Forest and relating to the Southeast State Forest; and providing for an effective date."

HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 127

SHORT TITLE: SOUTHEAST STATE FOREST

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/27/09	(S)	READ THE FIRST TIME - REFERRALS
02/27/09	(S)	CRA, RES

**WITNESS REGISTER**

DEAN BROWN, Deputy Director  
Division of Forestry  
Department of Natural Resources (DNR)  
Anchorage AK

**POSITION STATEMENT:** Presented SB 127.

GREG STAUNTON  
Department of Natural Resources  
Ketchikan AK

**POSITION STATEMENT:** Discussed SB 127.

DICK MYLIUS, Director  
Division of Mining, Land, and Water  
Anchorage AK

**POSITION STATEMENT:** Answered questions regarding SB 127.

**ACTION NARRATIVE**

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**CHAIR DONALD OLSON** called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:33 p.m. Senators Thomas, Kookesh, French, Menard, and Olson were present at the call to order.

**SB 127-SOUTHEAST STATE FOREST**

CHAIR OLSON announced the consideration of SB 127.

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DEAN BROWN, Deputy Director, Division of Forestry, Department of Natural Resources (DNR), Anchorage, said there are only two state forests in Alaska. The small acreage in SB 127 is extremely important to the timber industry. The DNR manages over 156,000 acres of forest land in Southeast Alaska, and only 49,000 of those allow forest management. She worked with the Division of Mining, Land, and Water Management and other entities and narrowed down a proposed forest of 25,291 acres. The proposed forest will be excellent for dedicating as a long-term land base for timber management. Dedicated land allows the state to invest money with assurance that it will be multiple-use land, which will include logging over a long time. "So money can go into thinning, for roading; at the same time, we've seen in our other two state forests that it has greatly increased public use for hunting and fishing, for access, and is a benefit to local communities." The proposal includes 20 separate parcels in Southeast Alaska. It includes general use lands that are on Prince of Wales, Tuxekan, Kosciusko, Heceta, Revilla, and Gravina Islands, and a small parcel on the mainland.

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MS. BROWN said the bill provides long-term forest availability to smaller local operations, so transportation is more economic. It is not a lot of land. The state doesn't have much in Southeast. The Division of Forestry has been successful making timber sales available to local industry, tiding them over until the Tongass National Forest can get additional timber sales out. The state has an agreement to assist the Tongass in making those

types of timber sales more economic. There is a strong desire to have a dedicated land base to invest in. The lands are already designated for forest purposes, so they have been through an extensive public process. The division selected lands that had no conflict. They are not available for settlements. Municipal entitlements are important, so the bill addresses that directly.

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MS. BROWN said the bill will not affect the amount or location of land that the City and Borough of Wrangell can select. The boroughs have to select lands that are vacant or unreserved. There are maps available in the committee packet. A dedicated state forest is critical for the state to maintain a land base for timber and multiple use, including mining, hunting, and fishing. This would not preclude any existing uses. Once the state forest is designated, there are three years to create a forest plan, so that gives the public another opportunity to comment on the land. The bill shows a long-term commitment by the state to the Southeast region. It will assist the timber industry and help plan for the long term.

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SENATOR MENARD asked if anyone opposes this bill.

MS. BROWN said she is not aware of any opposition. The DNR worked hard to pick lands that had no conflicts.

SENATOR FRENCH asked if this is to make more state land available for logging.

MS. BROWN said the lands are currently available to logging, so the intent is to thin the second growth to increase the yield, and make the lands more productive and increase multiple use by the creation of roads.

SENATOR FRENCH asked why that can't be done now.

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MS. BROWN said the current status allows for timber sales, but the lands could go to other interests. So putting state money into timber management and roading wouldn't make sense. For a 60-year rotation it makes sense to invest the money. The state and the industry will get a good return.

CHAIR OLSON asked how the state will increase their coffers.

MS. BROWN said a dedicated state forest can increase the yield per acre. The value of the timber sales will be higher. She said the division is doing a timber inventory.

SENATOR THOMAS asked who manages the remaining land on the map.

MS. BROWN said the maps just show the lands for a state forest.

SENATOR KOOKESH said 600,000 acres is Native-owned.

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CHAIR OLSON asked how the division can get to some of the sites. "I'm assuming there's no roads out there."

MS. BROWN said some areas will have higher priority. After the timber inventory, there may be land that lends itself to thinning very soon. There is an optimal time for that. Some of the land will go into the dedicated land base and some probably won't have active management for some years to come.

CHAIR OLSON asked what she means by "long term".

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MS. BROWN said the time is related to timber rotation, which can be 60 years in a well-managed area to over 100 years. There would be immediate action on some of these parcels.

CHAIR OLSON asked if she means there will be data after 60 years.

MS. BROWN said she expects some of that information within a month. All inventories should be done in the next year.

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CHAIR OLSON said there must be other landholders besides government and Native corporations. He asked if other landowners have an opinion.

MS. BROWN said the forest division has spoken with the Mental Health Trust and the Division of Mining, Land, and Water management. There are no individual landowners. The other landowners have felt that this was a good opportunity and none have opposed it. Any action will require public input for adjacent landowners and others.

SENATOR MENARD said she appreciates her detailed presentation.

SENATOR KOOKESH said most areas on the map have extensive road systems that were put in by the Native corporations, including Edna Bay, Coffman Cove, and Thorne Bay. Sealaska helped write the Forest Practices Act and left \$1 billion of wood because of required buffer zones. The bill covers a small area, and roads, stream buffers, and eagle nests will probably cut the logging area in half. The inventory may find that there is not good wood. The overseas market for cedar is good. This is a good start and he compliments DNR, but it should have been done 10 years ago, and all of Southeast should be a state forest. Maybe the rest of the land can go into a state forest later.

CHAIR OLSON asked if revenue from harvesting the trees will be a significant amount.

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MS. BROWN said the worldwide and Alaska markets haven't been strong. Putting the land into a management category will increase revenue but she doesn't know how much.

SENATOR KOOKESH said the intent is to provide for local demand. There are 23 small, mom-and-pop pulp mills on Prince of Wales Island alone. There is no major pulp mill in Southeast anymore. "If they could export all of their timber, then they'd make some money, but they can't. This is all state forest and it would be only for use inside the state."

CHAIR OLSON asked if the small pulp mills are paying the state.

SENATOR KOOKESH said they pay for it. "A lot of the pulp, it's not worth even dropping the tree ... it's not worth it. If you have a lot of pulp, you're in trouble, but we did meet with the guitar people ... and the people who make the Yamaha pianos." Sitka spruce is the wood used "in all of guitar country." It makes the best sounding boards. A person would do well by just catering to the music industry in America.

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GREG STAUNTON, Department of Natural Resources, Ketchikan, said most of the parcels on Prince of Wales are accessible by road. "A couple off-island parcels have existing road systems in them." They are "water-bound" but they have LTFs [log transfer facilities] for moving timber. The bill allows DNR to invest time and money into a piece of land that can be manipulated to meet the market. "We are basically encouraging a certain kind of product, a tree, to grow on that land. A larger diameter tree, which will be more utilized by the local market." Leaving the

trees alone would mean the stems would be smaller, and it would likely not fit the local demand. It would be more of a fiber-based product instead of saw logs.

CHAIR OLSON asked if DNR has heard from Steve Burrell and the mining association.

DICK MYLIUS, Director, Division of Mining, Land, and Water, Anchorage, said he hasn't heard from him, but the lands will still be open to mineral development. It will not affect existing mineral rights or the potential to stake mining claims.

CHAIR OLSON asked if there are any mines there.

MR. MYLIUS said not on these lands. There are projects being looked at on Prince of Wales Island, but not on state lands.

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CHAIR OLSON asked what minerals are being looked at.

MR. MYLIUS said he doesn't know.

CHAIR OLSON said he will hold the bill so he can check with the mining industry to make sure they know what is going on. He is surprised that there is no opposition. It sounds like a good bill.

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MS. BROWN said this bill has a good solid land base that allows the state to support the forest industry while allowing mining, recreation, hunting, and fishing. The division has made every effort to take care of any conflicts.

SB 127 was held over.

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The meeting was adjourned at 3:58 p.m.